Brian Benison
Director
Federal Regulatory

AT&T Services Inc.
1120 20th Street, NW
Suite 1000
Washington, DC 20032

T: 202.457.3065
F: 202.457.3070

September 16, 2010

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

RE: **Establishing Just and Reasonable Rates for Local Exchange Carriers,
WC Docket No. 07-135, Developing a Unified Intercarrier
Compensation Regime, CC Docket No. 01-92**

Dear Ms. Dortch:

On September 15, 2010, Kim Meola, Jack Habiak, Don Bourgo and the undersigned
with AT&T, met with Randy Clarke, Albert Lewis, John Hunter, Lynne Engledow and
Jay Atkinson of the Wireline Competition Bureau. In the meeting, we noted that small
ILECs are returning to traffic pumping and that the Commission should adopt the
tentative conclusion in its 2007 NPRM that traffic pumping is an unjust and unreasonable
practice. We also highlighted a separate problem where the designation of new POI's in
the LERG result in significantly increased access costs without any impact on the
services provided over these facilities. The attached presentation was used as a basis for
this discussion. All comments at this meeting were consistent with AT&T's filings in the
above proceedings.

Please call me if you have any questions.

Sincerely,

/s/ Brian J. Benison

cc: Randy Clarke
        Albert Lewis
        John Hunter
        Lynne Engledow
        Jay Atkinson

Traffic Pumping – ILECS Revisited
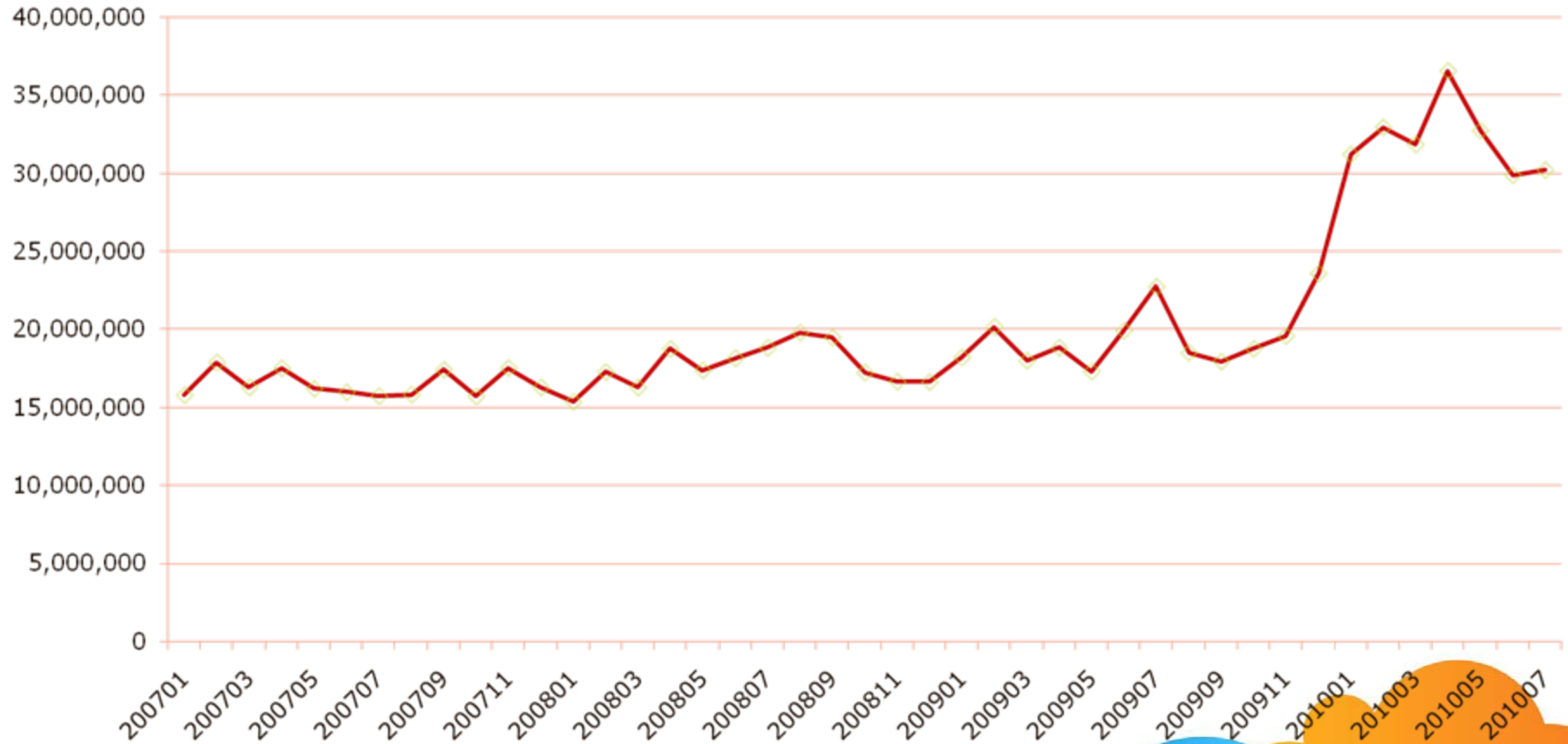
Traffic Pumping Continues

- ➢ ROR
  - ➢ LECs not subject to the growth language are still able to engage in traffic pumping.
    - ➢ LECs outside the NECA pool.
    - ➢ LECs in the NECA pool.

- ➢ Traffic stimulation schemes appear to be profitable at rates far below current NECA Band 8 rates.

Traffic Pumping – NECA pool

Consolidated of PA - Interstate MOU Trends

Traffic Pumping NECA Pool Participants

➤ ROR NECA traffic sensitive pool participants.

  ➤ Is paid based on the NECA Average schedule formula's.
    ➤ The formula's contain an incremental payment based on the number of minutes per line.
    ➤ The incremental payment varies as minutes per line changes.

➤ Consolidated of Pennsylvania began traffic pumping in 2008 with traffic beginning to noticeably accelerate in September 2009.

Traffic Pumping NECA Pool Participants-Cont.

- To illustrate:
  - For the tariff period beginning on July 1, 2007 a study area having more than 20,000 lines and fewer than 331 MOU per line received $.019124 per minute.
  - For the tariff period beginning July 1, 2009 the per line usage and payment per line for a study area having more than 25,000 lines and fewer than 280 minutes per line received $.013599 for each local switching minute.
    - The per minute rates decrease as volumes per line increase above these levels.
- Consolidated of Pennsylvania:
  - 2006 MOU/Line = 264
  - 2007 MOU/Line = 275
  - 2008 MOU/Line = 315
  - 2009 MOU/Line = 373 (Estimated)
  - 2010 MOU/Line = 690 (Estimated)
- Under the current formula Consolidated would be receiving switching revenue per minute far less than $.000128 per minute for all traffic in excess of 250 MOU/Line subject to the current cap of 2000 MOU/Line.
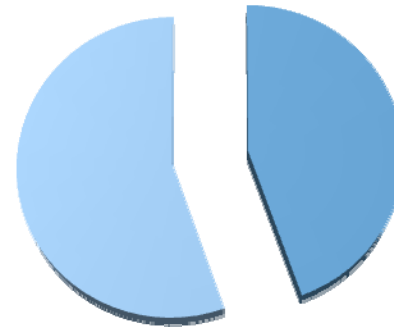
ICO Pumping Patterns

Ironton

Consolidated of PA

- Customer Traffic
- Traffic Pumping

Traffic Pumping – Non Pool ROR

➢ Ironton Telephone:

➢ Traditional Variant of traffic pumping has largely been curtailed.

➢ Use historic cost or average schedule formula's to calculate and file rates calculated based on low traffic volumes.
➢ The requirement that LECs having growth in excess of 100% of the month in the prior year was not imposed on all ROR LECs.

➢ LECs not subject to the growth language still have incentive to traffic pump even when rates are less than NECA Band 8 rates.

Traffic Pumping - ROR

Ironton Telephone - Interstate MOU Trends
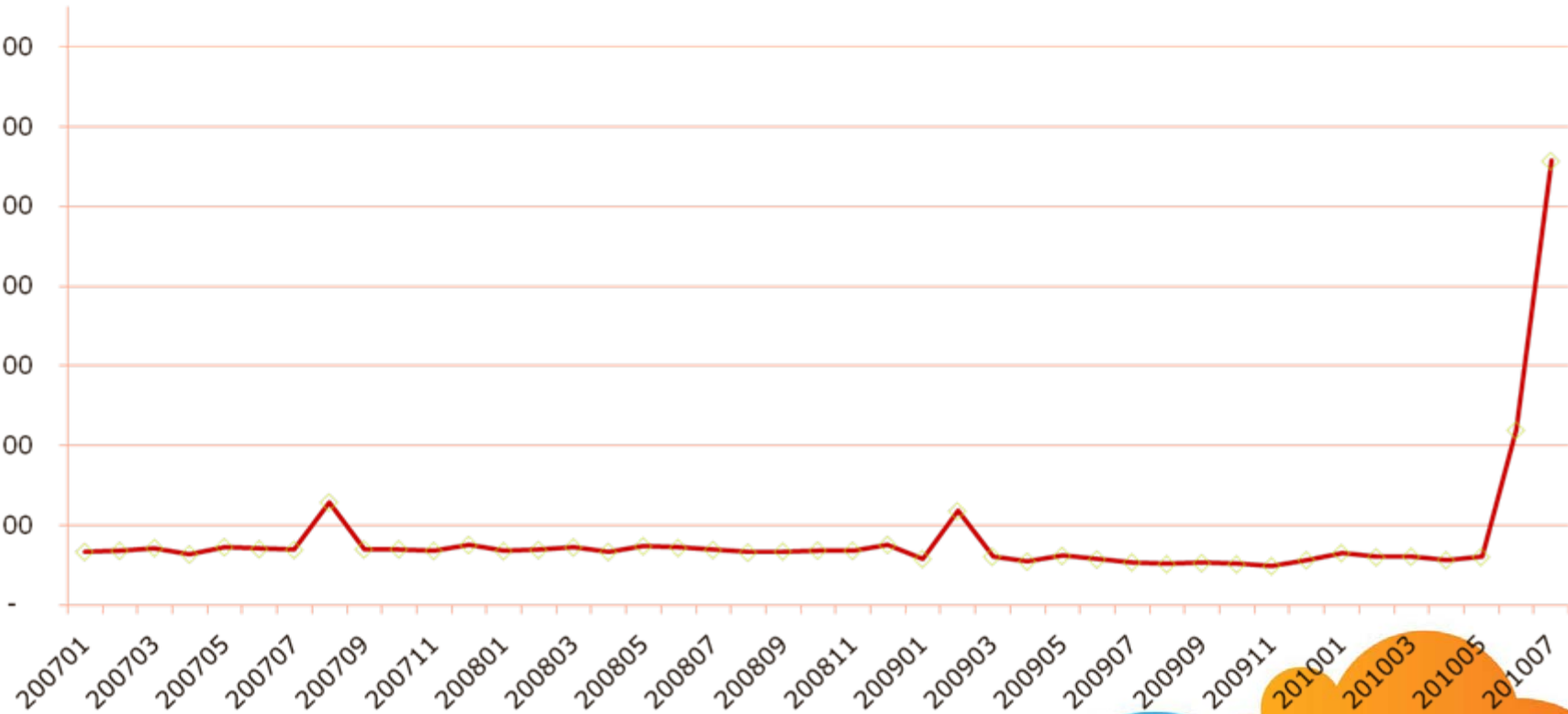
FCC needs to intervene now

Inaction is encouraging new companies to pump

Revenue sharing is unjust and unreasonable

Per minute per line cap is warranted to ensure rural CLECs look like rural ILECs

Inefficient Network Architectures

Cozad Transport Cost Change Comparison

Transport to Grand Island

Interstate

Cozad	0.0021
Qwest	0.0050
Total	0.0071

Transport to Blair

Interstate

Cozad	0.0467

86 miles to Grand Island

81 miles Qwest

5 miles Cozad

Grand Island Tandem
QWEST

Blair Tandem
Huntel

Cozad EO

206 miles to Blair
100% Cozad